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THE BOARD

October 2005

## Bitumen is big business

In 2004, bitumen production of 399 million barrels surpassed conventional oil production of 220 million barrels by more than 80 per cent, according to the EUB's *Alberta's Reserves 2004 and Supply/Demand Outlook 2005-2014* report. Released on September 15, 2005, the report forecasts that annual bitumen production will more than double from the current 1.1 million barrels

per day to 2.6 million barrels per day by 2014. The 2004 reserves report also includes estimates of bitumen, crude oil, natural gas, natural gas liquids, coal, and sulphur reserves, 2004 production volumes, and a 10-year supply/demand forecast for each resource. For more details, read the full story on page 3. ■

### Enform International Well Control Training (IWCF/WellCAP)

Edmonton, Alberta

November 21-25, 2005  
December 12-16, 2005

This five-day program is intended for riggers, rig managers, well site supervisors, rigging engineers, drilling superintendents, and shore-based supervisors who are responsible for the development and supervision of Well Control Operations.

For more information, contact the Enform Lethbridge Training Centre at (780) 955-7770 or 1-800-387-4976. You may also visit the Enform Web site at [www.enform.ca](http://www.enform.ca) for more information.

*Note: On September 20, 2005, the Petroleum Industry Training Service (PITS) and the Canadian Petroleum Safety Council (CPSC) combined their operations to become Enform.*

### About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's energy resources and utilities services take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, sands, coal, and electric energy, pipelines, and transmission line development.

On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through two core functions: adjudication and regulation, formation and knowledge.



## Recent EUB publications

### News Releases

**September 23** News Release (NR2005-28): Solution Gas Venting Down 18%, Flaring Down 9% in 2004 - EUB flaring and venting report shows record success in reducing emissions

**November 1** News Release (NR 2005-29) Penn West Petroleum Ltd. Sweet Oil Well Blowout

### Bulletins

**September 22** Bulletin 2005-29: Issuance of Directive 026—Setback Requirements for Oil Effluent Pipelines

**October 25** Safety Bulletin 2005-02: Downhole Explosion/Sour Gas Blowout

**October 26** Bulletin 2005-30: Security Management Regulation

**October 28** Bulletin 2005-31: Revisions to EUB Cost Policies and Prehearing Processes for Utility Matters

### Publications

**September 23** Statistical Series 60B- 2005: Upstream Petroleum Industry Flaring and Venting Report—Industry Performance for Year Ending December 31, 2004

**September 26** Directive 024: Large Facility Liability Management Program (Released September 20, 2005, Incorporating Errata to September 26, 2005)

**September 29** ST98-2005: Alberta's Reserves 2004 and Supply/Demand Outlook 2005-2014

**September 30** Waste Management Facilities List of EUB-Approved Oilfield Waste Management Facilities

**October 5** ST41: 2004 Year in Review

### Decisions

**September 27** Decision 2005-108: Rider Resources Ltd., Application for a Facility Licence, Bigoray Field

**September 27** Decision 2005-103: Terra Energy Corp., Application for a Pipeline Licence, Ukalta Field

**September 29** Decision 2005-107: Real Resources Inc., Review of Licence No. 032274, Application to Amend Licence No. 032274, Ferrybank Field

**October 5** Decision 2005-110: MGV Energy Inc., Application for Facility Licence, Huxley Field

**October 7** Decision 2005-111: Direct Energy Regulated Services 2005/2006 Default Rate Tariffs and Regulated Rate Tariffs Request for Approval to Commence a Negotiated Settlement and Permission to Participate in Negotiation

**October 14** Decision 2005-112: AltaGas Utility Holdings Inc.; Request for Approval of Share Transfer

**October 18** Decision 2005-114: EPCOR Utilities Inc., EPCOR Distribution Inc., EPCOR Transmission Inc., EPCOR Energy Inc., EPCOR Energy Alberta Inc., Collectively known as the EPCOR Group, Errata to Decision 2005-076 Inter-Affiliate Code of Conduct Compliance Plan

**October 25** Decision 2005-113: Talisman Energy Inc. Application for Enlargement of Turner Valley Unit No. 5 Turner Valley Field

## Solution gas venting down 18 per cent, flaring down 9 per cent in 2004

In 2004—a year featuring unprecedented levels of oilpatch activity—the upstream oil and gas industry reduced flaring of solution gas by 9 per cent and venting of solution gas into the atmosphere by 18 per cent, according to a new report released on September 23, 2005, by the EUB.

According to the *ST60B-2005: Upstream Petroleum Industry Flaring and Venting Report*, solution gas flaring in Alberta has been reduced by 72 per cent since 1996, and solution gas venting has been reduced by 49 per cent since 2000. Solution gas is natural gas that is produced in association with crude oil and bitumen production.

The reductions in solution gas flaring and venting came during a year when a record 18 572 wells were drilled in Alberta and the production of solution gas went up 1.3 per cent. Overall, 96 per cent of all solution gas produced in Alberta was conserved for use or sale, rather than being flared and vented. This represents the highest level of solution gas conservation

achieved in Alberta since the EUB introduced *Guide 60: Upstream Petroleum Industry Flaring Guide* in 1999.

**Solution gas flaring in Alberta has been reduced by 72 per cent since 1996, and solution gas venting has been reduced by 49 per cent since 2000.**

The success can be attributed to the cooperative efforts of the Clean Air Strategic Alliance (CASA) Flaring/Venting Project Team, the petroleum industry, and the EUB. (The EUB is a member of CASA, whose work to reduce emissions was recently honoured with a 2005 Pollution Prevention Award from the Canadian Council of Ministers of the Environment.)

The EUB also continues to be an active participant in the development and progress of the World Bank's Global Flaring and Venting Voluntary Standard, which was supported in July by G8 leaders at the 2005 Summit in Gleneagles, Scotland. As in Alberta, the standard requires that solution gas be conserved unless it is determined to be economically unviable and this economic test must be re-evaluated regularly. Similarly, any flaring or venting that cannot be eliminated must be reduced, as in the EUB's *Guide 60: Upstream Petroleum Industry Flaring Guide*, which is currently being updated to help promote further reductions.

The full *ST60B-2005* report is available on the EUB Web site at <[www.eub.gov.ab.ca/BBS/energystats/flaring/ST60B.htm](http://www.eub.gov.ab.ca/BBS/energystats/flaring/ST60B.htm)>. ■

# EUB releases Alberta energy reserves and supply/demand outlook

**O**n September 15, 2005, the EUB released its annual *Alberta's Reserves 2004 and Supply/Demand Outlook 2005-2014* report. The report includes estimates of bitumen, crude oil, natural gas, natural gas liquids, coal, and sulphur reserves, 2004 production volumes and a 10-year supply/demand forecast for each resource.

**Continuing high levels of development in Alberta's oil sands have resulted in a 14 per cent increase in bitumen production since 2003 and a 63 per cent overall increase in bitumen production since 2000.**

Continuing high levels of development in Alberta's oil sands have resulted in bitumen production increasing by 14 per cent since 2003 and overall bitumen production increasing by 63 per cent since 2000. In 2004, Alberta produced

399 million barrels of bitumen. The report forecasts that annual bitumen production will more than double from the current 1.1 million barrels per day to 2.6 million barrels per day by 2014.

## Additional highlights from the 2004 reserves report

- Bitumen production of 399 million barrels (63.4 million m<sup>3</sup>) in 2004 surpassed conventional oil production of 220 million barrels (34.9 million m<sup>3</sup>) by over 80 per cent.
- Remaining established marketable natural gas reserves in Alberta stand at 40 trillion cubic feet (1 134 billion m<sup>3</sup>). Alberta produced 4.9 trillion cubic feet (137 billion m<sup>3</sup>) of natural gas in 2004.
- Remaining established coalbed methane reserves are 263 billion cubic feet (7.4 billion m<sup>3</sup>) and production in 2004 was 23 billion cubic feet (651 million m<sup>3</sup>).
- Estimates of the total bitumen in place have been adjusted upward slightly from the previous year's 1.6 trillion barrels (254 billion m<sup>3</sup>) to the current 1.7 trillion barrels (270 billion m<sup>3</sup>).

• The remaining established reserves of bitumen have been reduced slightly, from 174.5 billion to 174.1 billion barrels (27 662 million m<sup>3</sup>), due to 2004 production.

Alberta has 1.6 billion barrels (249 million m<sup>3</sup>) of remaining conventional oil reserves. The total of 175.7 billion barrels (27.9 billion m<sup>3</sup>) of remaining established crude oil and bitumen reserves continues to position Alberta as a world leader in reserves.

Bitumen reserve numbers are based upon geological data from 63 000 wells, including logs from 44 000 wells and core samples from 20 000 wells.

The full report is available on the EUB Web site at, <[www.eub.gov.ab.ca/BBS/products/sts/st98-2005.pdf](http://www.eub.gov.ab.ca/BBS/products/sts/st98-2005.pdf)>. ■



# EUB protects taxpayers from oil and gas liabilities

**T**he EUB implemented the Large Facility Liability Management Program (LFP) on September 20, 2005, as part of its environmental stewardship and public interest and safety mandate.

The LFP adds to the existing EUB Licensee Liability Rating (LLR) Program, which protects taxpayers from the costs to suspend, abandon, remediate, and reclaim any "orphaned" upstream oil and gas facility.

Facilities included in the LFP are sulphur recovery gas plants, standalone straddle plants, and in situ oil sands processing plants with an approved design capacity of about 31 000 barrels (4 929 m<sup>3</sup>) per day. The program currently covers 91 facilities and sites. ■

The LFP, like the LLR Program, assesses the liability of a licensee to address its suspension, abandonment, remediation, and

**The Large Facility Liability Management Program adds to the existing EUB Licensee Liability Rating (LLR) Program, which protects taxpayers from the costs to suspend, abandon, remediate and reclaim any "orphaned" upstream oil and gas facility.**

reclamation liabilities based on a comparison of its deemed assets to its deemed liabilities. A company's deemed liability is the estimated cost to suspend, abandon, remediate, and reclaim a large facility for which it holds the licence. This value will be based on site-specific assessments.

In 2004, the EUB issued 12 closure orders related to LLR noncompliance.

The EUB's LLR and LFP programs are part of a continuum of programs, including the Orphan Well Association, that protect taxpayers from liabilities related to oil and gas facilities. The EUB LFP bulletin and associated documents can be viewed at <[www.eub.gov.ab.ca/BBS/requirements/gbs/bulletin-2005-28.htm](http://www.eub.gov.ab.ca/BBS/requirements/gbs/bulletin-2005-28.htm)>. ■

# Upcoming Public Hearings



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## Application No. Applicant

Application No.	Applicant	Hearing Pur.
1378692	Canadian Natural Resources Limited	Application for Well Licences, Facilities and Pipelines - Lindbergh Field
1400023		
1400026		
1400027		
1400028		
1400031		
1400604		
1400605		
1400606		
1400608		
1400610		
1400612		
1400613		
1400615		
1403095		
1403097		
1460138		
Start date: November 8, Neighborhood Inn, 5011 - 66th Street, Bonnyville		
1378400	Avenir Diversified Income Trust	Application for a Common Carrier - Taber Field
Start date: November 16, Govier Hall EUB Offices, 640 - 5 Avenue, SW, Calgary		
1379164	Prospect Resources Ltd.	Application for a Well Licence - Garrington Field
Start date: November 23, Spruce View Community Hall, Main Street, Spruce View		
1368901	Advantage Oil and Gas	Application for a Well Licence - Garrington Field
1372895		
1372900		
Start date: November 23, Wildwood and District Family Recreation Complex, 5530 - 50 Street, Wildwood		
1403470	Dominion Exploration Canada Ltd.	Application for a Well Licences - Pembina Field
1403471		
1403473		
1403474		
Start date: November 28, Lodgepole Multiuse Complex, 4501 - 52 Avenue, Lodgepole		
1357161	Alberta Electric System Operator	Article 24 Amendments Application - Preliminary Issues
Start date: November 28, Govier Hall EUB Offices, 640 - 5 Avenue, SW, Calgary		

# Pending Decisions

## Application No. Applicant

Application No.	Applicant	Hearing Purpose
1347905	Board Initiated Proceeding	Phase 3 Proceedings under Bitumen Conservation Requirements
1399481	Talisman Energy Inc.	Application to Expand Turner Valley Unit No. 5 - Turner Valley Field
1397909	Ketch Resources Ltd. (Formerly Bear Creek Energy Ltd.)	Review of Well Licence No. 0313083 UID 00/13-23-046-02 W5M/0 Surface Location LSD 1-27-46-2 W5M - Licence to construct and operate a pipeline and licence to construct and operate a single well gas battery - Pembina Field
1407749		
1378000	AltaGas Utilities Inc.	2005/2006 General Rate Application Phase I
1393613	ATCO Pipelines	Muskeg River Pipeline Application
1398670	EPCOR Energy Alberta Inc. and EPCOR Energy Inc.	2005-2006 Regulated Rate Tariff Energy Charge Application
1398671		
1413842	ATCO Pipelines and ATCO Gas	2005-2006 UFG/Fuel Rates
1380523	Enmax Energy Corporation	2005 Regulated Rate Tariff Non Energy Application

This list is subject to change at any time, so please check the complete list of upcoming public hearings on the EUB Web site at <[www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf](http://www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf)>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

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## For Alberta Geological Survey (AGS) documents on geological research, contact

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## Questions, complaints, problems?

**Utilities:** For information or to file a consumer utility complaint, contact us at

EUB Utilities Branch, 10th floor, 10055-106 Street,  
Edmonton, Alberta T5J 2Y2  
Fax: (780) 427-6970  
Complaints: (780) 427-4903\*  
E-mail: <[utilities.concerns@eub.gov.ab.ca](mailto:utilities.concerns@eub.gov.ab.ca)>

**Oil and gas:** For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest EUB Field Centre.

## EUB Field Centres (24-hour service)

Bonnyville	(780) 826-5352*
Drayton Valley	(780) 542-5182*
Grande Prairie	(780) 538-5138*
Fort McMurray	(780) 743-7214*
Medicine Hat	(403) 527-3385*
Midnapore	(403) 297-8303*
Red Deer	(403) 340-5454*
St. Albert	(780) 460-3800*
Wainwright	(780) 842-7570*

\* To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

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